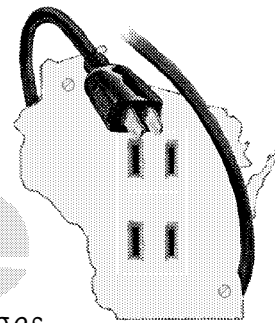


A Coalition  
to preserve  
Wisconsin's  
Reliable and  
Affordable  
Electricity

# Customers First!

## the Wire

Plugging you in to electric industry changes



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## Bill would make wind farm lawsuits easier

Legislation making it more attractive to sue wind energy operators and host landowners over alleged negative effects on health or real estate values had a public hearing before a Senate Committee in November.

Senate Bill 167, authored by State Sen. Frank Lasee (R-De Pere), eliminates, for purposes of wind farm litigation, a \$500 cap on recovery of attorney fees by a prevailing plaintiff that's generally applicable in civil actions.



Lasee

More significantly, for plaintiffs whose

residence is within 1.5 miles of a wind energy system, the proposal would deny operation pursuant to a lawful permit from the Public Service Commission or approval by a local government as a defense against civil liability.

Successful plaintiffs would be able to recover damages for physical and emotional harm attributable to wind turbine operation, compen-

sation for loss of property value, and relocation costs.

The bill was heard November 20 by the Senate Committee on Judiciary and Labor. Its prospects of enactment as initially written were said to be doubtful—the hearing was held on a first draft—and it was unclear whether the proposal would advance even if amended. 💡

## Transmission application filed

It's been discussed for so long some might think it's already been built. Not so: The American Transmission Company (ATC) and Xcel Energy applied a few weeks ago to the Public Service Commission for approval to build a large new transmission line between the La

Crosse area and northern Dane County.

The Badger-Coulee transmission project proposes to build a 345-kilovolt line spanning between 160 and 180 miles depending on the route selected.

The cost is estimated at \$514 to \$552 million but ATC also estimated building the project would offset the need for about \$160 million in lower-voltage upgrades in western Wisconsin. The company also said the line would improve access to wholesale energy markets, provide at least \$259 million and as much as \$841 million in net economic benefits over the life of the project, and "establish another pathway for renewable energy into Wisconsin with a connection to key load centers."

As required by law, the applicants proposed two route alternatives. A northern route would proceed from Holmen north to Ettrick and Blair, then turn east to Black River Falls and follow I-90 and 94 to the North Madison substation. The southerly route would run via Highway 53 from Holmen to La Crosse, follow I-90 to Rockland, turn south toward Cashton and then run eastward past Elroy to I-90 and 94 between Mauston and Lyndon Station, also ending at North Madison.

A 12- to 18-month regulatory review is

**Continued on page 3...**

## Biomass capacity added to state's generation picture

WE Energies says it has secured enough renewable electric generation capacity to be in compliance with mandatory state standards through 2022.

A new biomass facility, generating 50 megawatts from wood, waste wood and sawdust, was brought on line in November. It will also supply steam to support sustainable papermaking operations at Domtar Corporation's Rothschild mill, the company said.

Adding biomass to its portfolio allows the Milwaukee-based utility to produce renewable energy on demand—a benefit WE Energies chairman Gale Klappa said is unavailable from intermittent renewable sources like wind and solar facilities.

The plant will support about 150 permanent jobs in the region, including independent wood suppliers and haulers delivering waste wood to the plant, WE Energies said. 💡



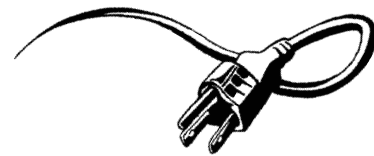
THE WIRE is a monthly publication of the *Customers First!* Coalition—a broad-based alliance of local governments, small businesses and farmers, environmental groups, labor and consumer groups, retirees and low-income families, municipal electric utilities, rural electric cooperatives, wholesale suppliers, and an investor-owned utility. *Customers First!* is a coalition dedicated to preserving Wisconsin's reliable and affordable electricity.

If you have questions or comments about THE WIRE or the *Customers First!* Coalition, please call 608/286-0784.



## KEEPING CURRENT

With CFC Executive Director Matt Bromley



As unfair as it sounds, Wisconsin's electricity customers may have to pay costs caused by electric deregulation in Michigan.

This past summer, We Energies, which provides energy to part of Michigan's Upper Peninsula, lost its largest customer, the operator of two iron ore mines in the U.P. and constituting about 85% of the utility's Michigan load. The mining company chose another power supplier as allowed under Michigan's deregulated "electric choice" law.

The significant loss of load means We Energies no longer needs its Presque Isle Power Plant in Marquette to serve its remaining customers. We Energies requested to suspend operations at the plant, but the grid operator, Midcontinent Independent System Operator, determined the plant must keep running to maintain reliability in northern Michigan. As a result, We Energies is eligible to receive System Support Resource (SSR) payments in exchange for keeping the plant operating. The cost of the SSR payments would be allocated to other utilities in the American Transmission Company footprint, including Madison Gas and Electric, Alliant Energy, WPPI Energy, Wisconsin Public Service, We Energies, and several Wisconsin municipal utilities and electric cooperatives. The Milwaukee Journal Sentinel reported these payments could be between \$35 million and \$82 million a year.

If no other alternatives arise to obviate the need for SSR payments, Wisconsin customers would be saddled with costs to operate a plant that benefits Michigan customers. Wisconsin ratepayer groups have decried the unfairness. In comments filed with the Public Service Commission, the Citizens Utility Board wrote that, "Wisconsin customers should not be forced to pay for the power source for the customers of a Michigan unregulated utility." The Wisconsin Industrial Energy Group added that it is "unreasonable and inequitable" for Wisconsin customers to pay to operate a plant when they receive no benefits.

As readers of this publication know, we often report on the risks and problems customers face in states that have deregulated their electric power industry. In a deregulated system, retail power sellers are able to cherry pick high-volume customers at the expense of all others. Up until now Wisconsin customers have mostly been sheltered from these risks because our policymakers rejected the deregulation concept in the late 1990s. That wise decision, though, may not be enough to protect Wisconsin customers from paying for the wrong decisions made by another state. 💡



Bromley

## Duke nukes duck DIY costs

An agreement with Florida regulators will evidently let Duke Energy pass along to ratepayers most of the costs for wrecking its Crystal River nuclear plant by turning a complicated upgrade into a do-it-yourself project.

The state's Public Service Commission voted 4-1 to allow Duke to bill customers for as much as \$3.2 billion in costs for the permanently shut-down Crystal River plant and planning costs arising from a cancelled nuclear project in Levy County. Total costs come to about \$5 billion, of which some \$800 million will be covered by insurance.

Trouble started when Progress Energy, which merged with Duke in 2012, set out in 2009 to replace old steam generators at Crystal River by itself, to save the costs of hiring expe-

rienced outside contractors. The Tampa Bay Times reports that no other utility had ever attempted such a move and that an internal study warned of "huge" risks.

Progress ultimately did bring in outside consultants, then ignored their advice, and wound up creating multiple cracks in the Crystal River containment building. Attempted repairs created more cracks. Duke decided to retire the plant early this year.

Progress began planning for the cancelled Levy County plant in 2006, with a 2016 target date for completion. Cost estimates soared to more than \$24 billion and the completion date was pushed back to 2024 before the project was abandoned. 💡

# CCS: Bumps in the road to the future of coal

It's more or less a given that no new coal-fired power plants will be built in the United States without technologies to capture and store carbon dioxide emissions. But whether the technology will be both available and practical to use and whether its drawbacks make it unattractive, depends very much on who you ask.

This fall, Environmental Protection Agency Administrator Gina McCarthy said a carbon capture requirement won't be part of a regulation on CO<sub>2</sub> emissions from existing power plants her agency is due to propose by next June.

Carbon capture and storage (CCS), she said, according to Bloomberg Energy



McCarthy

and Climate Report, "is really effective as a tool to reduce emissions when it's designed with the facility itself," rather than added on to a conventional facility.

Chances are that's correct. However, there are no power plants operating anywhere with CCS technology on a commercial scale.

Testifying last month before a House Energy and Commerce subcommittee, Acting EPA Assistant Administrator for Air and Radiation Janet McCabe referred to "the demonstrated performance of efficient, lower carbon technologies that are currently being constructed," adding that the agency's pending regulations for future power plants "set the stage for continued public and private investment in technologies like efficient natural gas and carbon capture and storage."

In that same hearing, CEO Tony Campbell

of East Kentucky Power Cooperative told the panel none of the projects under development in the U.S. involve traditional coal units. "None of the generation projects are complete or currently operational," he said.

That's important, because the Clean Air Act requires that a technology be "adequately demonstrated" before it can be the basis of a regulatory standard.

A U.K.-based CCS advocacy organization reported this fall that there were ten fewer projects globally at the end of September, compared with a year earlier.

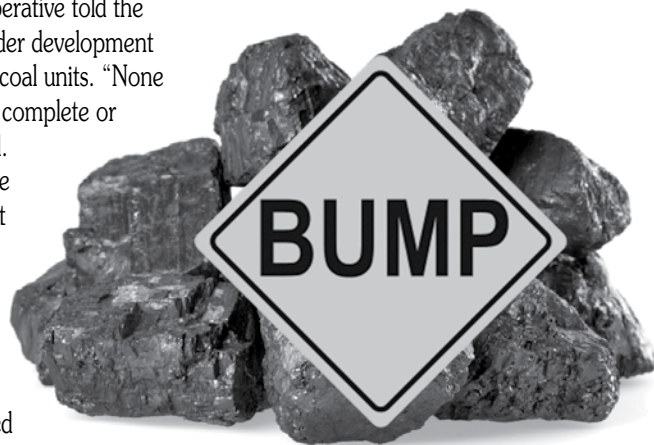
However, the Global Carbon Capture and Storage Institute also said "More projects are entering operation and construction" and identified 65 large-scale projects worldwide, but conceded that "momentum is too slow to support the widespread commercial deployment needed to underpin climate change risk mitigation scenarios."

Comparatively few projects involve electric generation. The organization identified 20 U.S. projects, most in the development or construction stages. Those in active operation tended to be in the oil and natural gas production industries.

One U.S. project that's both big and relevant to electric utilities is the Kemper County power plant, under construction by Southern Company affiliate Mississippi Power. At the end of October, Mississippi Power said it will delay completion of the lignite-burning mine-mouth plant to the last quarter of 2014, about half a year past its previous deadline, and that the project's estimated \$2.8 billion cost will rise to nearly \$5 billion.

Closer to home and less expensive, the FutureGen project in central Illinois awaits a final recommendation from the Department of Energy, expected before year's end. For an estimated \$1.65 billion, FutureGen would capture CO<sub>2</sub> emissions from an existing coal plant and pipe them into underground storage about 30 miles away.

But even with its lower price tag, FutureGen has struggled toward completion for more than a decade, and costs aren't the only aspect of CCS raising uncertainties about the future viability of coal-fired electric generation.



A study published last month by the University of Texas at Austin found correlation between underground injection of carbon dioxide into northwest Texas oil and gas fields and 93 minor earthquakes between March 2009 and December 2010.

None caused injuries or severe damage but they do mark the first instance of correlation between underground CO<sub>2</sub> injection and earthquakes exceeding magnitude 3. A later quake, in September 2011, was measured at magnitude 4.4. That would be expected to cause visible and audible movement of indoor objects but little if any damage.

An author of the study said different fields have reacted differently and no other CO<sub>2</sub> injection sites in the world have experienced earthquakes as large as magnitude 3, adding, "It is possible that in many locations large-volume CO<sub>2</sub> injection may not induce earthquakes."

In another paper last year—both were published in the Proceedings of the National Academy of Sciences—Stanford University researchers cited "a high probability that earthquakes will be triggered by injection of large volumes of CO<sub>2</sub>" in carbon capture and storage (CCS) operations. 💡

## Transmission

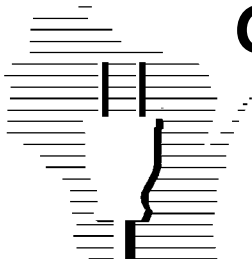
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anticipated and the line is expected to be in service in 2018.

Still pending is the expected application to build another 345-kilovolt line across southwestern Wisconsin, from Dubuque County, Iowa, to a substation just west of Madison. ATC's advance planning calls for that line to be in service in 2020. 💡

## Energy saver tip

With heating season here, proper insulation comes into play as a money-saver and energy-conservation tool. Attic insulation can save as much as one-third of heating costs compared with a non-insulated attic in the same home. That means it can pay for itself in a comparatively short time. 💡



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Be sure  
to check out  
the *Customers First!*  
website at

**[www.customersfirst.org](http://www.customersfirst.org)**



## Quotable Quotes

*"This is a difficult situation across the board. This is not what anyone would have liked. But this provides the best resolution."*

—Florida Public Service Commission Chairman Ronald Brise, giving his view of a settlement allowing Duke Energy to bill customers for a botched nuclear plant upgrade and abandonment of another nuclear project, quoted in the *Tampa Bay Times*, October 17, 2013

Help us share our messages with others. If you know of businesses or organizations that would like to learn more about protecting Wisconsin's reliable and affordable electricity, please feel free to copy and share with them all or part of this newsletter, or you can call 608/286-0784 to arrange an informational meeting.

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